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ATTORNEYS FOR PLAINTIFF
NORTH OFFSHORE AS

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

NORTH OFFSHORE AS,

Plaintiff,

-against-

ROLV BERG DRIVE AS,

Defendant.

07 Civ. 3095 (SHS)

**AFFIRMATION OF OLEG S.
MNATSAKANYAN PURSUANT
TO 28 U.S.C. § 1746 IN SUPPORT
OF PLAINTIFF'S OPPOSITION
TO DEFENDANT'S MOTION
FOR COUNTER-SECURITY**

I, OLEG S. MNATSAKANYAN, hereby affirm as follows:

1. I am the Director General of Arktikorneftegazrazvedka ("AMNGR"), the owner of the AHTS ALDOMA (the "Vessel"). The facts provided herein are based on my own personal knowledge.

2. I am providing this affirmation in support of the opposition of North Offshore AS ("North Offshore") to a motion filed by Rolv Berg Drive AS ("RBD") for counter-security in the above-captioned proceeding.

3. My company entered into a time charter party with North Offshore on March 6, 2006 for a period of 14 months until May 2007. That time charter included 2 one year options. I annex as Exhibit 1 true copies of faxes dated February 14, 2006 and March 29, 2006 from my First Deputy Director General Nikolay A. Orlov confirming the parties' entry into the time charter.

4. With regard to the extra one year options provided under the time charter, we specifically reserved the right to withhold these options unless North Offshore increased the daily charter hire to us in an amount that reflected the present rates in the market.

5. On or about November 28, 2006, RBD's Norwegian lawyers contacted our Norwegian lawyers to inquire regarding the terms of the Vessel's time charter between AMNGR and North Offshore.

6. On January 8, 2007, my company was contacted by RBD regarding "[h]ire of the offshore vessel MS Aldoma from AMNGR to Rolv Berg Drive when she is off-contract in April 2007." A true copy of the letter to us from RBD and the Murmansk Consulting Group Ltd. is annexed as Exhibit 2.

7. On January 16, 2007, we met with representatives of RBD at the offices of the Murmansk Consulting Group Ltd. At that meeting, Mr. Valery A. Chuikov, my Deputy, explained to the RBD representatives that the negotiations on the new contract for the Vessel would not commence until the expiration of the North Offshore time charter in 2009.

8. On January 29, 2007, my company's Norwegian lawyers wrote to RBD's lawyers and made clear that AMNGR retained the right to refuse to grant North Offshore its option extensions unless North Offshore obtained a significant increase in the daily charter hire rate that RBD offered in the amount of \$9,000. A true copy of the January 29, 2007 e-mail from my

company's Norwegian lawyers to RBD's Norwegian lawyers is annexed as Exhibit 3. That e-mail specifically addressed the requirements that North Offshore would have to fulfill in order to qualify for the extension option under the AMNGR/North Offshore time charter:

Arktik [AMNGR] has concluded a C/P [charter party] with NO [North Offshore] for a period up to 5th May 2009, including two options on one year each. The C/P also include a right for Arktik 1) to refuse NO to extend existing agreements with sub-charterers [RBD] and 2) to refuse conclusion of new C/P or extension of C/P not giving Arktik a substantial increase in the charter hire (the sum of basic charter hire and part of profit split). NO will not receive such approval for a rate of USD 9.000 which is the rate in the conditional option included in the C/P between RBD and NO (we have recently received a copy of this C/P). The market rate is far above USD 9.000 and Arktik as owner is seeking arrangement giving the owner of the vessel a substantial part of the market rate.

Exhibit 3.

9. That same e-mail also responded to following inquiry from RBD: "[i]s there anything preventing RBD from exercising their option agreement with North [Offshore]?" In response, our lawyers made clear that control of whether RBD could obtain their option period under the RBD/North Offshore charter was governed by whether the charter rates offered for the extension periods satisfied our profit requirements:

Arktik has the right to refuse NO to extend the relation with RBD without any reason and Arktik has an all over right to refuse sub-charterers not giving Arktik a certain amount in a profit split regime. Arktik has not evaluated whether RBD should be accepted or not, but want NO to conclude a sub-charter agreement on market terms entitling Arktik a profit split in the option periods.

Exhibit 3.

10. RBD sought to charter the ALDOMA for additional time past May 2007 either through North Offshore or through Arktik directly. It is my understanding that RBD has claimed that the ALDOMA would have been used to fulfill a five year time charter that RBD claims that

it entered with a company named Oil & Natural Gas Corp ("ONGC"). The ONGC invitation to tender, however, contained requirements that the ALDOMA could not fulfill, including (a) the ALDOMA could not perform anchor handling at the depth required in the ONGC tender (1200 meters), (b) the ALDOMA does not have a chain locker capacity that met the requirements in the ONGC tender, and, perhaps most importantly, (c) the ALDOMA does not have a dynamic positioning system required under the ONGC tender which would allow the Vessel to precisely maintain station at one location.

11. The ONGC tender also required a five year charter term. We would not agree to such a charter term and, even if we were willing to agree, such a term also would have had to be approved by Ministry of Natural Resources of Russian Federation Federal Agency of Subsurface Use.

12. My company's charter party with North Offshore AS dated 12 May 2005 expired on the 6 May 2007.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 1st day of October, 2007 at the office of Arktikmorneftegazrazvedka, Kolskij.str 1, 183032, Murmansk, Russia.




LEG S. MNATSAKANYAN


EXHIBIT 1

BY : AMNGR

ORAC NO. :

JEB. 14 2006 16:11 CTP1

6/10


Kolskij.str 1 183032 Murmansk RUSSIA	 ARKTIKMORNEFTEGAZRAZVEDKA Federal State Unitary Enterprise FAX MESSAGE № 2/93	Fax 47 789 10 417 Phone 7 8152 254662 47 78910508 e-mail: amngr@amngr.ru
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Fax №	47 22 81 45 01 47 77 67 99 77 47 21 44 95 13	Date 14-Feb-06
To	Steenstrup Stordrange DA, Oslo North Offshore AS AMNGR, Oslo	Pages 1
From	Arktikmorneftegazrazvedka, Murmansk	
Attention	Mr. Frode Henning Antonsen Mr. Uvizjev	
Subject	AHTS Aldoma	

Dear Sirs,

We have today agreed upon a new 14 months firm contract plus 2 years options, securing AHTS Aldoma for North Offshore AS. It remains subject to the approval from Federal Agency of Subsurface Use. Only after this approval receipt, the Contract may be signed by AMNGR. Claims regarding profit 2004 are closed as previously agreed.


Best regards,


 Nikolay A. Orlov
 1st Deputy Director General

Уважаемые господа,

Сегодня мы согласовали новый контракт на 14 месяцев (фиксированный) и плюс опцион 2 года на аренду ТЭС Алдома компанией North Offshore AS. Он подлежит согласованию с Федеральным Агентством по недропользованию. Только после получения этого разрешения контракт может быть подписан АМНГР. Претензии по прибыли за 2004 г. сняты по предварительному соглашению.

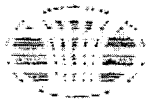
С уважением,


 Орлов Н.А.
 1-й зам. ген. директора

OT : AMNGR

QAKC NO. :

MAP. 29 2006 13:44 CTP1

Kolskij av.1 183032 Murmansk RUSSIA	 ARKTIKMORNEFTEGAZRAZVEDKA Federal State Unitary Enterprise FAX MESSAGE № 2/211	Fax 47 789 10 417 Phone 7 8152 56 43 19 47 789 10 508 e-mail: omvs@amngr.ru
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Fax №	47 77 67 99 77	Date 29/03/2006
To	North Offshore AS	Page 1
From	Mr. Nikolay A. Orlov, 1-st Deputy Director General	
Attention	Mr. Svein Hoel	
Subject	Aldoma	

Dear Sirs,

We refer to our fax of 14 February 2006 and can confirm that the new 14 months firm contract securing AHTS Aldoma for North Offshore AS is approved by Federal Agency of Subsurface Use. The contract will now be signed by AMNGR and is effective from 6 March 2006.

Best regards,



Nikolay A. Orlov,
1-st Deputy Director General

mark.dept.
Rada Ovcharenko,
+7 8152 254662

EXHIBIT 2

OT : AMNGR

FAK NO. :

CEH. 25 2007 15:56 CTP2



murmanskconsultinggroup

Эволюция Бизнеса Бизнеса

ООО "Мурманск Консалтинг Групп"
 Юридический адрес: Мурманск, ул. Кильдинская 1-148
 Почтовый адрес: Мурманск, пр. Ленина 24-4
 ИНН 5190127033/ КПП 519001001
 Р/сч 40702810705000001610
 ОАО «ДНБ НОР Мончеганск», г. Мурманск
 К/сч 30101810300000000709
 БИК 044705709
 ОКПО 71889945
 ОКОНХ 71200

Иск. 02 от 08.01.2007

To

FSUE "Arktikmorneftegazrazvedka"
 General Director
 Mr. Mnatsakanjan Oleg

From

Mr Antonen, Tor Arne (Rolv Berg Drive AS)
 Mrs. Beliaeva Olga (Murmansk Consulting Group, ООО)

Tromsø, Norway 28. December 2006

BUSINESS TOPICS IN THE OFFSHORE INDUSTRY

The company Rolv Berg Drive AS – situated in Tromsø, Norway – is requesting for a meeting with the top-management of the company FSUE Arktikmorneftegazrazvedka to discuss

- 1) Idle AMNGR-offshore vessels for international waters - specially Underwater Construction Vessels, Diving Vessels and Remotely Operated Vehicles?
- 2) AMNGR Newbuilding Program the coming years – possibility to hire idle vessels?
- 3) Hire of the offshore vessel MS Aldonna from AMNGR to Rolv Berg Drive AS when she is off-contract in April 2007
- 4) Possible strategic co-operation in the Arctic Waters?

Rolv Berg Drive AS is working in both Indian and Mexican waters as well as other offshore regions with major state owned companies like Oil and Natural Gas Corporation Ltd (ONGC) – a state owned company of India and the state-owned oil and gas company PEMEX in Mexico.

Proposed time for a meeting is 16th January 2007 in Murmansk.

Best regards
 ROLV BERG DRIVE AS

Tor Arne Antonen

ООО «Мурманск Консалтинг Групп»
 183038, Мурманск, пр. Ленина 24, офис 4,
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www.mcgr-murmansk.ru

Faks fra :

25/09/07 12:46 SA: 2

9/9 :PS 00:ET 20/08/07

Troms Offshore

Taks sendt av: 2769977

EXHIBIT 3

Anders Evje

From: Frode Henning Antonsen [frode.antonsen@steenstrup.no]
Sent: 29. januar 2007 16:28
To: Morten Lund
Cc: suvizjev; Thor Ask Terkelsen; Magne Andersen
Subject: RE. RBD - Arktik - North

We refer to your questions included in an e-mail dated 28th November 2006.

Arktik does not have any relations with Rolf Berg Drive (RBD) and have only a contract with North Offshore AS (NO). We have been told by both RBD and NO that there is a dispute between the parties. Arktik has not and will not have any opinion regarding the internal relations between RBD and NO. Arktik position is only related to the C/P with NO.

However, we have decided to answer your questions in order to clarify our position in this case towards NO.

Arktik has concluded a C/P with NO for a period up to 5th May 2009, including two options on one year each. The C/P also include a right for Arktik 1) to refuse NO to extend existing agreements with sub-charterers and 2) to refuse conclusion of new C/P or extension of C/P not giving Arktik a substantial increase in the charter hire (the sum of basic charter hire and part of profit split). NO will not receive such approval for a rate of USD 9.000 which is the rate in the conditional option included in the C/P between RBD and NO (we have recently received a copy of this C/P). The market rate is far above USD 9.000 and Arktik as owner is seeking arrangement giving the owner of the vessel a substantial part of the marked rate.

Question 1: The first issue is if it is correct that NO has "no further options with the ultimate owner of the vessel that includes Rolf Berg Drive AS. We do of course not ask for any comments on the option agreement between North and RBD. We would only like your comments on the option North has towards the Russian owners. Is it anything there preventing RBD from exercising their option agreement with North?" Answer 1: Arktik has the right to refuse NO to extend the relation with RBD without any reason and Arktik has an all over right to refuse sub-charterers not giving Arktik a certain amount in a profit split regime. Arktik has not evaluated whether RBD should be accepted or not, but want NO to conclude a sub-charter agreement on market terms entitling Arktik a profit split in the option periods.

Question 2: The second issue is if it, to your knowledge, is correct that "Aldoma" is already committed elsewhere after mid April 2007. Answer 2: We have not received any information from NO regarding future sub-charterers and await their proposals.

We hope the above clarify the position of Arktik.

Med vennlig hilsen/Yours sincerely
Advokatfirmaet Steenstrup Stordrange DA
Frode Henning Antonsen

advokat

Ansvarlig advokat: Thor Ask Terkelsen

29.08.2007

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29.08.2007